

Public Agenda Item #17a

Review, Discussion and Consideration of the Texas Employees Group Benefits Program:

Health Insurance Financial Status Update for Fiscal Year 2016 and Outlook for Fiscal Year 2017

December 2, 2016

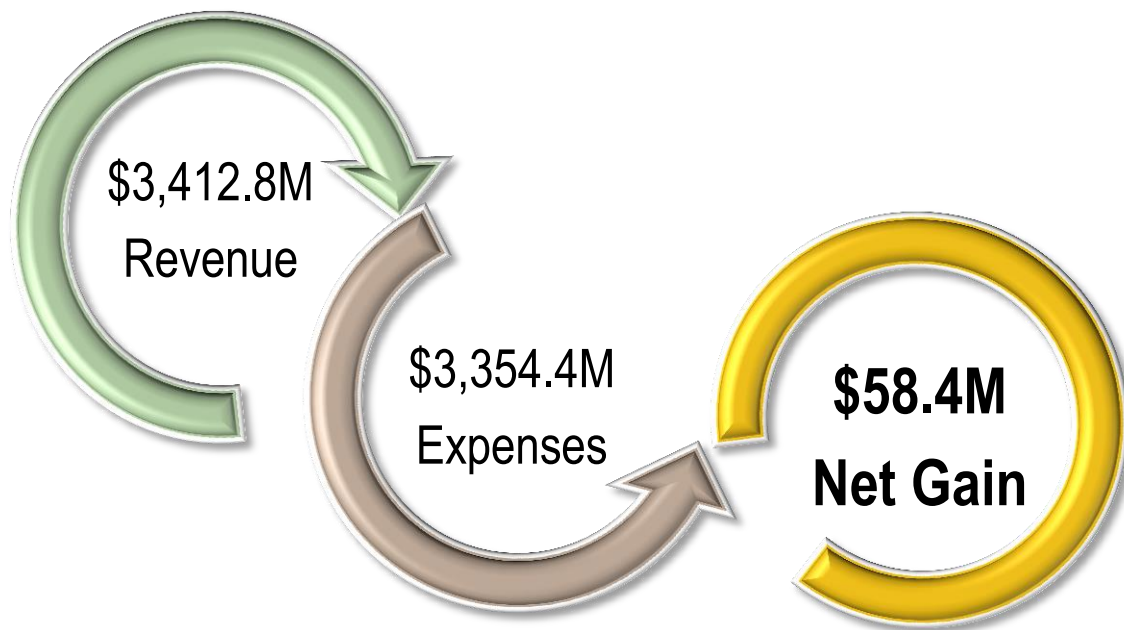
Robert P. Kukla, Director of Benefit Contracts

Blaise Duran, ASA, MAAA and Manager of Underwriting, Data Analysis and Reporting

Fiscal Year 2016 Review

Fiscal Year 2016 Review

GBP Health Plans Performance



GBP finished the plan year with **\$498.9 million** in the Contingency Fund

Includes All Health Plans

Fiscal Year 2016 Review

HealthSelectSM of Texas Performance



The self-funded program saw favorable experience in FY 2016:



Medical trend: 8.4%



Prescription drug trend: 10.9% (lower than previous years)



Network has grown 20% since 2012

In-network utilization by participants is 90.5%



Grievances increased by 264, or 69%, from FY 2015:

Member Appeals = 113; Provider-Initiated Appeals = 290

FY2016 into FY2017

Initiatives to Reduce Costs



Patient-Centered Medical Homes:

- Continue to show success.
- New clinic in Panhandle area is in the process of being added.
- Savings attributed to FY2016 will be determined in January 2017.

Dependent Eligibility Audit:

- Saved approximately \$8 million net of fees in FY2016.
- Anticipated \$8.5 million in savings for FY2017.



Fiscal Year 2017 Outlook

Fiscal Year 2017

Consumer Directed HealthSelect



- New high-deductible health plan started September 1, 2016.
- Only available for non-Medicare GBP participants.
- Health Plan administered by United HealthCare Services, Inc.
- Health Savings Account (HSA) administered by OptumBank, a subsidiary of United HealthCare Services, Inc.



Enrollment As of September 1, 2016	
Members	343
Dependents	326
Total	669

Outlook Fiscal Year 2017



HealthCare
Trend
consistent
at 8.5%

New PBM
effective January
1, 2017 to bring
estimated savings
of \$100 Million

Estimated
Gains: \$94.7
Million

Anticipated
Contingency
Fund
Balance:
\$593.6 Million

Amount needed to fund GBP health plan for 60 days: \$677.4 Million

Outlook Fiscal Year 2017

GBP Health Plans Financial Status



Summary of Actual & Projected Experience	FY2015	FY2016	FY2017 Projected
REVENUE			
State Contribution for State Agencies	\$1,653.1	\$1,801.5	\$1,948.1
State Contribution for Higher Education	706.9	773.7	836.7
State Contribution – Other	67.7	72.5	78.5
State Contribution – Total	2,427.7	2,647.7	2,863.3
Member Contributions	455.1	485.9	515.9
Other Revenue	219.9	279.2	367.5
TOTAL REVENUE	\$3,102.7	\$3,412.8	\$3,746.7
HEALTHCARE EXPENDITURES			
	\$3,041.5	\$3,354.4	\$3,652.0
Net Gain (Loss)	\$61.2	\$58.4	\$94.7
FUND BALANCE	\$440.5	\$498.9	\$593.6
Other Expenses Incurred Outside of GBP Fund			
Member Cost Sharing	\$480.4	\$486.6	\$492.2

Based on Experience through September 2016 (\$Millions)

Questions?